

STATE OF MICHIGAN  
DEPARTMENT OF ENERGY, LABOR & ECONOMIC GROWTH  
OFFICE OF FINANCIAL AND INSURANCE REGULATION

Before the Commissioner of the Office of Financial and Insurance Regulation

In the matter of:

Verizon Financial, L.L.C.  
5880 North Canton Center Road  
Suite 418  
Canton, Michigan 48187

Enforcement Case No. 09-7074

License/Registration No.:  
FL-0010429 / SR-0010444,

Respondent.

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CONSENT ORDER ACCEPTING SURRENDER OF FIRST MORTGAGE LICENSE  
AND SURRENDER OF SECONDARY MORTGAGE REGISTRATION

Issued and Entered,  
This 19<sup>th</sup> day of February, 2010,  
By Stephen R. Hilker,  
Chief Deputy Commissioner

Based upon the Stipulation to Entry of Consent Order, incorporated herein, and the files and records of the Office of Financial and Insurance Regulation ("OFIR") in this matter, the Commissioner FINDS and CONCLUDES that:

1. The Commissioner has jurisdiction and authority to adopt and issue this Consent Order in this proceeding, pursuant to the Michigan Administrative Procedures Act of 1969 ("MAPA"), as amended, MCL 24.201 *et seq.*, the Mortgage Brokers, Lenders, and Servicers Licensing Act ("MBLSLA"), 1987 PA 173, as amended, MCL 445.1651 *et seq.*, and the Secondary Mortgage Loan Act ("SMLA"), 1981 PA 125, MCL 493.51 *et seq.*
2. All required notices have been issued in this case, and the notices and service thereof

were appropriate and lawful in all respects.

3. Acceptance of the parties' Stipulation to Entry of Consent Order is reasonable and in the public interest.

4. All applicable provisions of MAPA have been met.

5. Verizon Financial, L.L.C. ("Respondent") violated MCL 445.1672(a)-(b), MCL 445.1652(4), MCL 445.1655, MCL 445.1671(1)-(2), MCL 445.1673(1), MCL 493.67, MCL 493.68(1), and MCL 493.52.

**NOW THEREFORE**, based upon the parties' Stipulation to Entry of Consent Order and the facts surrounding this case, **IT IS ORDERED THAT:**

1. The Stipulation to Entry of Consent Order submitted by the parties to the Chief Deputy Commissioner is hereby ACCEPTED.

2. Respondent shall CEASE and DESIST from violating MCL 445.1672(a)-(b), MCL 445.1652(4), MCL 445.1655, MCL 445.1671(1)-(2), MCL 445.1673(1), MCL 493.67, MCL 493.68(1), and MCL 493.52.

3. Forthwith, Respondent shall CEASE and DESIST from engaging in any activity requiring licensure or registration under the MBLSLA or SMLA, and deliver to the commissioner its original first mortgage license certificate and original secondary mortgage registration certificate.


4. The SURRENDER of Respondent's first mortgage broker and lender license, issued pursuant to provisions of the MBLSLA, shall be and hereby is ACCEPTED.

5. The SURRENDER of Respondent's secondary mortgage broker and lender registration, issued pursuant to provisions of the SMLA, shall be and hereby is ACCEPTED.

6. Respondent, any wholly or partially-owned subsidiary, any affiliated company, or any company related by common owner, officer, or director, or Respondent's officers, directors, and shareholders individually, shall not make application to the commissioner for licensure or registration under the MBLSLA, SMLA, or the Consumer Financial Services Act, 1988 PA 161, as amended, MCL 487.2051 *et seq.*, for a period of 3 years from the effective date of this Order as shown in the caption hereof.

7. The Commissioner specifically retains jurisdiction over the matters contained herein and has the authority to issue such further order(s) as he shall deem just, necessary and appropriate in accordance with the provisions of the MBLSLA and SMLA. Failure to abide by the terms and conditions of the Stipulation to Entry of Consent Order and this Order, may result in the commencement of additional proceedings.

**IT IS SO ORDERED.**

  
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Stephen R. Hilker,  
Chief Deputy Commissioner



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STIPULATION TO ENTRY OF CONSENT ORDER  
ACCEPTING SURRENDER OF FIRST MORTGAGE LICENSE  
AND SURRENDER OF SECONDARY MORTGAGE REGISTRATION

Verizon Financial, L.L.C. ("Respondent") and the Office of Financial and Insurance Regulation ("OFIR") hereby stipulate and agree to the following:

1. OFIR staff ("Staff") conducted an on-site Examination of Respondent's books and records commencing on August 11, 2008, pursuant to Section 11(2)(c) of the Mortgage Brokers, Lenders, and Servicers Licensing Act ("MBLSLA"), MCL 445.1661(2)(c), and Section 6b(2)(b) of the Secondary Mortgage Loan Act ("SMLA"), MCL 493.56b(2)(2). The Examination concluded on August 22, 2008.
2. On or about February 3, 2009, a Notice of Opportunity to Show Compliance ("NOSC") was issued by OFIR to Respondent in the above-entitled matter pursuant to the provisions of the Michigan Administrative Procedures Act ("MAPA"), MCL 24.201 *et seq.*, the MBLSLA, 1987 PA 173, as amended, MCL 445.1651 *et seq.*, and the SMLA, 1981 PA 125, as amended, MCL 493.51 *et seq.*
3. The NOSC contained allegations that Respondent violated the MBLSLA and SMLA and set forth the applicable laws and penalties which could be taken against Respondent.
4. Respondent did not exercise its right to an opportunity to show compliance and no

informal conference was held between Respondent and OFIR Staff.

5. On November 18, 2009, in accordance with appropriate provisions of the MBLSLA and SMLA, OFIR issued to Respondent a Notice of Intention to Revoke License ("NOIR"). The NOIR informed Respondent of its right to a hearing if requested within 20 days. Respondent timely requested a hearing.

6. OFIR and Respondent have conferred for purposes of resolving this matter and determined to settle this matter pursuant to the terms set forth below. Pursuant to this agreement, Respondent withdraws its request for a hearing.

7. The Commissioner of OFIR ("Commissioner") has jurisdiction and authority to adopt and issue this Consent Order pursuant to the MAPA, the MBLSLA, and the SMLA.

8. At all pertinent times, Respondent was licensed with OFIR as a mortgage broker and lender pursuant to the MBLSLA, and registered with OFIR as a secondary mortgage broker and lender pursuant to the SMLA.

9. Based upon the allegations set forth in the NOSC, NOIR, and communications with Respondent, the following facts were established:

a. One of Respondent's employees, agents, or independent contractors engaged in fraud, deceit, and material misrepresentation in connection with a residential mortgage loan transaction governed by the MBLSLA.

Respondent is responsible for the fraudulent, deceitful and misrepresentative conduct of its employees. The activity engaged in by Respondent's employee violated Section 22(b) of the MBLSLA. Therefore, Respondent is in violation of Section 22(b) of the MBLSLA, MCL 445.1672(b).

b. Respondent conducted activities under the MBLSLA and SMLA with, and compensated for such activity, independent contractors that are not employees of Respondent and are not licensed, registered or exempt under the MBLSLA or SMLA, in violation of MCL 445.1652(4) and MCL 493.52.

c. Respondent failed to maintain a minimum net worth of \$25,000.00, as required under MCL 445.1655.

d. Respondent failed to maintain adequate books and records of its business to

enable the commissioner to determine compliance with the MBLSLA and to preserve each document related to its business operations for the commissioner to inspect to determine compliance with the MBLSLA, in violation of MCL 445.1671(1)-(2).

e. Respondent failed to maintain adequate books and records of its business to enable the commissioner to determine compliance with the SMLA and to preserve each document related to its business operations for the commissioner to inspect to determine compliance with the SMLA, in violation of MCL 493.67-68.

f. Respondent charged two borrowers more than the actual cost incurred for their credit report, in violation of MCL 445.1673(1).

g. In violation of MCL 445.1672(a), Respondent failed to do the following:

1. Provide several loan applicants with a meaningful and understandable good-faith estimate of the charges that they were likely to incur at the closing of their mortgage loan, in violation of the Department of Housing and Urban Development's Regulation X, implementing the Real Estate Settlement Procedures Act, 24 C.F.R. 3500.7.
2. Develop and implement written standards for safeguarding customer information, as required by the Federal Trade Commission's Safeguards Rule, implementing the Gramm Leach Bliley Act, 16 C.F.R. 314.
3. Failed to provide several borrowers with proper notice of their right to receive a copy of their appraisal report, in violation of Board of Governors of the Federal Reserve's Regulation B, implementing the Equal Credit Opportunity Act, 12 C.F.R. 202.14(a).
4. Failed to make available to applicants a credit granting criteria pamphlet as required under Section 2(10) of the Mortgage Lending Practices Act, MCL 445.1602(10).
5. Failed to provide several applicants with the Borrowers Bill of Rights and the Consumer Caution and Home Ownership Counseling Notice and a list of HUD approved credit counseling agencies, as

required by Sections 6 and 7 of the Consumer Mortgage Protection Act, MCL 445.1636-37.

10. Respondent agrees to CEASE and DESIST from any and all of the violations set forth in paragraph 9.

11. Respondent agrees to CEASE and DESIST from engaging in any activity requiring licensure or registration under the MBLSLA or SMLA, and deliver to the commissioner its original first mortgage license certificate and original secondary mortgage registration certificate.

12. Respondent agrees that its first mortgage license and secondary mortgage registration shall be SURRENDERED to the commissioner.

13. Respondent agrees that Respondent, any wholly or partially-owned subsidiary, any affiliated company, or any company related by common owner, officer, or director, or Respondent's officers, directors, and shareholders individually, shall not make application to the commissioner for licensure or registration under the MBLSLA, SMLA, or the Consumer Financial Services Act, 1988 PA 161, as amended, MCL 487.2051 *et seq.*, for a period of 3 years from the date of signing of an order by the Commissioner ordering the terms of this stipulation.

14. The procedural requirements of the MAPA, the MBLSLA, and the SMLA have been complied with in all respects by both parties.

15. Respondent understands and agrees that this Stipulation will be presented to the Chief Deputy Commissioner for approval. The Chief Deputy Commissioner may in his sole discretion, decide to accept or reject the Stipulation and Consent Order. If the Chief Deputy Commissioner accepts the Stipulation and Consent Order, Respondent waives the right to a hearing in this matter and consents to the entry of the Consent Order. If the Chief Deputy Commissioner does not accept the Stipulation and Consent Order, Respondent waives any objection to the Commissioner holding a formal administrative hearing and making his decision after such hearing.

16. The failure to abide by and fully comply with the terms and conditions of this Stipulation and Consent Order may, at the discretion of the Commissioner, result in further administrative compliance actions.

17. The Commissioner has jurisdiction and authority under the provisions of the MAPA,

Stipulation to Entry of Consent Order  
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the MBLSLA, and the SMLA to accept this Stipulation to the Entry of Consent Order and to issue a Consent Order resolving these proceedings.

18. Respondent has had an opportunity to review this Stipulation and the accompanying Consent Order and have same reviewed by legal counsel.

VERIZON FINANCIAL, L.L.C.

By: 

Its: *President*

Dated 1/18/10

OFFICE OF FINANCIAL AND  
INSURANCE REGULATION

By: 

James Westrin  
Staff Attorney

Dated 2/19/10

